

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

In re: )  
 ) Chapter 11  
CHESAPEAKE ENERGY )  
CORPORATION, *et al.*, ) Case No. 20-33233 (DRJ)  
 )  
Debtors. ) Jointly Administered

**RICHARD & DENISE KUFFA, CHARLED & CAROL KUFFA, JOHN CLARK,  
MICHAEL CLARK, RICKY CLARK, LAKE CAREY INVESTMENTS, LLC, CECIL  
FAMILY LLC, ENDLESS MTN WATER CO. LTD, & MOSTEK FAMILY LP NO 1.'S  
REQUEST FOR ALLOWANCE  
AND PAYMENT OF ADMINISTRATIVE CLAIMS**

Richard & Denise Kuffa, Charles & Carol Kuffa, Rick G. & Mary Clark, Michael Clark, John Clark, William O. Longstreet Estate, Endless Mountain Water Company LTD, Cecil Family LLC, Lake Carey Investments LLC, Mostek Family LP No 1. (the “**Lemon Negative Royalty Claimants**”), by and through their undersigned counsel, by way of Request for Allowance and Payment of Administrative Claims (the “Request”), hereby state:

**BACKGROUND**

**A.      *The Leases***

1.      Between September 24, 2009 and September 29, 2010, the **Lemon Negative Royalty Claimants** entered into the following 13 leases with Debtor Chesapeake Appalachia LLC-
  - a) Wyoming County Instrument #2010-4195, John D. & Vilma Rojas Clark, 18.10 acres,
  - b) Wyoming County Instrument #2010-0510, Michael D. & Shellene Clark, 18.98 acres,
  - c) Wyoming County Instrument #2010-0515, Ricky G. & Mary A. Clark, 13.8 acres,
  - d) Wyoming County Instrument #2010-0571, Richard L. & Denise D. Kuffa, 15.576 acres,
  - e) Wyoming County Instrument #2010-1472, Charles S. & Carol A. Kuffa, 29.019 acres,
  - f) Wyoming County Instrument #2010-0631, William O. & Anna M. Longstreet, 8.78 acres,

- g) Wyoming County Instrument #2010-5182, Endless Mountain Water Co. LTD., 46.00 acres,
- h) Wyoming County Instrument #2010-1921, Cecil Family LLC, 235.85 acres,
- i) Wyoming County Instrument #2011-2629, Lake Carey Investments LLC, 235.85 acres,
- j) Wyoming County Instrument #2010-0324, Frank & Carolyn Mostek<sup>1</sup>, 1.7436 acres,
- k) Wyoming County Instrument #2010-0430, Frank W. & Carolyn R. Mostek, 30.5 acres,
- l) Wyoming County Instrument #2010 -0429, Frank W. & Carolyn R. Mostek, 77.04 acres,
- m) Wyoming County Instrument #2010-0324, Carolyn R. Mostek, 7.54 acres

All of these leases are identical except for the property description. These 13 oil and gas leases (the “Leases”) with Chesapeake burden multiple parcels of real property located in Wyoming County, Pennsylvania (the “Leased Premises”). A Copy of a single Lease is attached to the Lemon Negative Royalty Claimants Original Claims.

**B. The Debtors’ Chapter 11 Cases and the Lemon Negative Royalty Claimant’s Proofs of Claim**

2. On June 28, 2020 (the “Petition Date”), the Debtors, including Chesapeake Appalachia, (“Chesapeake”) filed petitions for relief under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. § 101, et seq. (the “Bankruptcy Code”).

3. The Lemon Negative Royalty Claimants timely filed secured proofs of claim for the amounts due under the Lease, Claim Nos. as follows-

Claimant	Claim Number
Cecil Family LLC	12979 & 13025
Charles & Carol Kuffa	12998
Endless Mountain Water Company LTD	13011
John & Vilma Clark	13033 & 13135
Lake Carey Investments LLC	13034 & 13090
Michael & Shellene Clark	13069 & 13088
Richard & Denise Kuffa	12978 & 13076

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<sup>1</sup> In June 2013, Frank & Carolyn Mostek conveyed all their interest in the 4 leases listed above into the Mostek Family LP No. 1.

Ricky & Mary Clark Mostek Family LP No. 1	13052 & 13102 12080 & 13063
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These claims are hereinafter referred to as the “Proofs of Claim”. The Lemon Negative Royalty Claimants filed their Proofs of Claim based on improper deductions, including Negative Royalties, where Claimants receive no money in exchange for providing their gas to Chesapeake in violation of the Leases’ terms.

4. The Proofs of Claim provide, *inter alia*, that the Lemon Negative Royalty Claimants possess administrative claims and that the Lemon Negative Royalty Claimants reserved the right to seek allowance and payment of administrative claims “for all unpaid amounts due under the Leases after the Petition Date.”

**D. *The Debtors’ Plan***

5. On September 11, 2020, the Debtors’ filed a proposed plan of reorganization [Docket No. 1150], and the Disclosure Statement for the Joint Chapter 11 Plan of Reorganization of Chesapeake Energy Corporation and Its Debtor Affiliates [Docket No. 1151], both of which were subsequently amended.

6. On October 8, 2020, the Debtors filed their amended disclosure statement [Docket No. 1331] (the “Disclosure Statement”).

7. On October 30, 2020, the Bankruptcy Court entered an Order approving the Disclosure Statement [Docket No. 1633].

8. On December 7, 2020, the Lemon Negative Royalty Claimants filed an objection to the Debtors’ proposed reorganization plan. [Docket No. 2149] as a Member of the Pennsylvania Lessor’s Group.

9. On January 12, 2021, the Debtors filed their Fifth Amended Joint Chapter 11 Plan of Reorganization (the “Plan”). [Docket No. 2833].

10. The Plan provides for a complete pass-through of the Lemon Negative Royalty Claimants’ rights under the Leases. The Plan states that “all Royalty and Working Interests shall remain in full force and effect in accordance with the terms of the granting instruments or other governing documents applicable to such Royalty and Working Interests.” Plan, Article IV. T.

11. The Plan further states that “Royalty and Working Interests shall not be modified, affected or impaired in any manner by any provision of the Plan or the Confirmation Order, including but not limited to any injunctive or stay relief, and the legal and equitable rights, interests, defenses, and obligations of holders of Royalty and Working Interests, with respect to such Royalty and Working Interests, shall not be modified, affected or impaired in any manner by the provisions of the Plan or the Confirmation Order.” *Id.*

12. On January 16, 2021, the Court entered an Order Confirming the Debtors’ Fifth Amended Joint Chapter 11 Plan of Reorganization [Docket No. 2915].

13. On February 9, 2021, the Debtors filed and served a Notice of Entry of Order Confirming the Fifth Amended Joint Chapter 11 Plan of Reorganization of Chesapeake Energy Corporation and Its Debtor Affiliates (the “Notice”) [Docket No. 3058].

14. Pursuant to the Notice, the Plan became effective on February 9, 2021 (the “Effective Date”).

15. In addition, the Notice provides that requests for payment Royalty and Working Interests Administrative Claims must be filed on or before June 9, 2021.

#### **JURISDICTION AND VENUE**

16. This Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334.

17. Venue is proper pursuant to 28 U.S.C. § 1408.
18. The statutory basis for the relief requested herein is Sections 105(a) and 503(b) of title 11 of the United States Code (the “Bankruptcy Code”).

**RELIEF REQUESTED**

19. Section 503(b)(1) of the Bankruptcy Code provides that there shall be allowed administrative expenses for the “actual, necessary costs and expenses of preserving the estate.”

20. In addition, the Disclosure Statement states that “any post-petition, pre-Effective Date right to payment arising from a Royalty and Working Interest, if any, shall be treated by the Plan as an Administrative Claim.” Disclosure Statement at 10.

21. Further, the Plan provides that “any postpetition, pre-Effective Date rights to payment arising on account of Royalty and Working Interests” shall constitute administrative claims. Plan, Article I. A. 172.

22. Under the Plan, allowed administrative claims are to be paid in full no later than thirty (30) days after the date on which an order allowing the administrative claim becomes a final order, or as soon as reasonably practicable thereafter. Plan, Article II. A. 1.

23. Between the Petition Date and the Effective Date (the “Administrative Claim Period”), the Debtors breached the Leases by underpaying the royalties due and owing to the Lemon Negative Royalty Claimants.

24. As a result, the Lemon Negative Royalty Claimants are entitled to an administrative claim for all unpaid or underpaid royalties due under the Leases during the Administrative Claim Period.

25. The estimated total amount due the Lemon Negative Royalty Claimants pursuant to the Leases for unpaid or underpaid royalties during the Administrative Claim Period, exclusive

of interest as provided for under the Leases, is not less than \$74,027, divided between each Lemon Negative Royalty Claimant as follows- <sup>2</sup>

Claimant	Administrative Claim Amount
Cecil Family LLC	\$10,495.43
Charles & Carol Kuffa	\$1,410.36
Endless Mountain Water Company LTD	\$10,165.72
John & Vilma Clark	\$3,462.72
Lake Carey Investments LLC	\$9,152.29
Michael & Shellene Clark	\$3,587.09
Richard & Denise Kuffa	\$728.11
Ricky & Mary Clark	\$2,753.88
Mostek Family LP Nol	\$37,271.72
Total	\$74,027.32

26. Consequently, the Lemon Negative Royalty Claimants request the entry of an order allowing them administrative claims for all amounts due under the Leases during the Administrative Claim Period.

### CONCLUSION

27. For the foregoing reasons, the Lemon Negative Royalty Claimants, respectfully request that the Court enter an Order allowing the Lemon Negative Royalty Claimants' administrative claims for all unpaid and underpaid royalties due under the Leases during the Administrative Claims Period, and for such other and further relief as the Court deems just and equitable.

Dated: June 8th, 2021

By: /s/ Aaron D. Hovan  
 Aaron D. Hovan (admitted *pro hac vice*)  
 Law Office of Aaron Hovan  
 154 Warren St.

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<sup>2</sup> As set forth in the Proofs of Claim, until additional information is provided by Chesapeake, the Lemon Negative Royalty Claimants will be unable to determine the exact amount of the royalty underpayments and other charges due under the Leases.

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